



Health Services

LOS ANGELES COUNTY

April 16, 2013

Los Angeles County
Board of Supervisors

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Second District

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www.dhs.lacounty.gov

To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.



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TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Don Knabe
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **NOTICE OF INTENT TO REQUEST DELEGATED AUTHORITY TO APPROVE A PERCENTAGE INCREASE EXCEEDING 10 PERCENT OF THE TOTAL AGREEMENT AMOUNT OF DRAEGER MEDICAL, INC.**

This is to advise the Board that the Department of Health Services (DHS) is scheduling a Board letter for the April 30, 2013 agenda that requests approval to execute an Agreement for equipment maintenance and repair services and delegate authority for annual maximum obligation increases of no more than 40 percent.

In accordance with Board of Supervisors' Policy 5.120, prior Board notice is required for any department requesting delegated authority to increase Board-approved contracts by over 10 percent.

BACKGROUND

Draeger provides preventive maintenance and repair services for anesthesia equipment located at various DHS facilities. The anesthesia equipment covered under this Agreement supports the administration of anesthetic gases to the patients. Draeger is the original equipment manufacturer (OEM). Whenever possible, the DHS contracts with the OEM to ensure that the medical equipment performs in accordance with equipment specifications. Another benefit to contracting with the OEM is the guarantee of faster access to OEM parts when repair services, especially for emergencies, are needed.

Appropriate administration of anesthesia is a key function in every surgical unit. The Draeger anesthesia equipment monitors a patient's heart rate, electrocardiogram, blood pressure, oxygen saturation, and brain function during and after surgery. This equipment must be readily operational without any obstructions, defects, or pressure leaks to ensure patient safety.

JUSTIFICATION

Approval of the delegated authority to increase the annual maximum obligation of the Agreement by up to 40 percent will allow DHS to add equipment coming off warranty and to authorize and pay for repair or maintenance of Draeger equipment that is excluded under the Agreement's basic maintenance service. The Joint Commission on the Accreditation of Healthcare Organizations (Joint Commission) requires facilities to cover medical equipment maintenance under a service contract. Therefore, this delegated authority is necessary to enable the Agreement to be amended timely to guarantee that this critical equipment is maintained appropriately to ensure the safety of patients, as well as to meet the requirements of the Joint Commission. Board policy generally allows delegated authority up to 10 percent of the total contract amount. However, based on experience in recent years with several other equipment maintenance service agreements, DHS believes that requesting 40 percent for potential increases is appropriate since adding even a few pieces of equipment or an additional facility may require a significant funding increase. If DHS is not able to add equipment to existing Agreements, the alternative is to request a Purchase Order (PO) from the Internal Services Department. The lead time to obtain a PO is much longer than execution of an amendment to an existing DHS Agreement using the Board's delegated authority.

NOTIFICATION TIMELINE

Consistent with the procedures of Board Policy 5.120, we are informing the Board of our intention to proceed with the filing of the Board letter with Executive Office of the Board for the April 30, 2013 Board Meeting.

If you have any questions or need additional information, please let me know, or your staff may contact Kathy Hanks, at (213) 240-7819 or khanks@dhs.lacounty.gov.

MHK:kh

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors